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L10: Entry 11 of 11 File: DWPI May 21, 2003

DERWENT-ACC-NO: 2002-171893
DERWENT-WEEK: 200334

TITLE: System for trading financial instruments updates offering inventory, national best bid and offer price or derived price of financial instrument in offering inventory

Basic Abstract Text (1):
NOVELTY - System comprises an updatable system database, an updatable offering inventory database which receives real-time price and quantity information for each financial instrument from a market data feed provided by interdealer brokers, and a system proprietor determining the national best bid and offer price and a derived price. The proprietor applies a price improvement process to a trade if an offsetting trade occurs, and updates the system database and offering inventory to reflect transactions executed by the system. The system cancels or revises orders, notifies users of order execution, and updates the inventories.

Basic Abstract Text (2):
DETAILED DESCRIPTION - A filter process removes incorrect market data from the offering inventory and the derived price is calculated by determining the captured spread between the last transaction price and the desired benchmark for the financial instrument, determining the current price and adding the spread to the existing price. There is an INDEPENDENT CLAIM for a method of data processing high liquidity financial instruments.

Standard Title Terms (1):
SYSTEM TRADE FINANCIAL INSTRUMENT UPDATE OFFER INVENTORY NATION BID OFFER PRICE DERIVATIVE PRICE FINANCIAL INSTRUMENT OFFER INVENTORY

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L16: Entry 5 of 6 File: USPT May 18, 1999

DOCUMENT-IDENTIFIER: US 5905974 A
TITLE: Automated auction protocol processor

Brief Summary Text (10):
New treasury securities are auctioned by the U.S. government at preestablished auction dates. The auction prices for the treasuries having a face value with a set coupon rate will define the issuance yields of the security. After the auction, the treasuries enter the secondary market and are traded typically "over the counter", i.e., without a defined exchange. As inflation expectations and supply and demand conditions change, the prices of the recently auctioned treasuries fluctuate on the secondary market. These new prices are reflected by competing bid and ask prices communicated among institutions, banks, brokers, and dealers in the secondary market. For example, the yield of a treasury note increases as its price drops in the market, typically reflecting an overall increase in the interest rates for that term of security.

Brief Summary Text (27):
It is yet another object of the present invention to provide a database system linked to the auction processor for collecting, filtering, and distributing select market data in near real time.

Brief Summary Text (32):
The above and other objects of the present invention are realized in a specifically delineated computer-based, data processing system having a governing program controlled logic for orchestrated management of select trading functionality. The data processing employs a plurality of trading workstations linked with a server for coordinated data flow and processing. Communication is provided by per se available network, via Ethernet, token ring, token bus, or other hierarchical LAN and/or WAN configuration. The system preferably includes a dedicated keypad for input from each workstation that facilitates providing individually programmed keystroke commands; other keyboards or keypads can be used and are often software configurable so as to be compliant with the present system. A central processing logic dictates the available trading options and screen displays for each workstation. As transactions are entered, various protocols effect the allocation of bid-offer control and trade management. As trades are completed, the system updates a linked database with the newly entered transactional data.

Detailed Description Text (13):
Now turning to FIG. 2, the overall information paths of the present invention are presented in block diagram form. This market information is derived from the auction process and is a highly valuable source of data to related markets (futures and options). Beginning with block 100, market data is collected from the plurality of on-line terminals operated by brokers within the relevant bond market sector. A continual exchange of information flows between the brokers, depicted in block 100, and the system proprietor, block 110, i.e., as bids, offers and trades are transacted in real time. This information is collected by the system proprietor and entered into the data processor database.

Detailed Description Text (15):
Once properly formatted, the on-line market data is then transmitted to the

qualification processor, block 140, for determination for a real time command selection. The information is then loaded into the security database, block 150, and then passed to the distribution processor, block 160.

Detailed Description Text (40):
Transactions forming a trade take place in accordance with the present invention during one of two trading states, known as the Workup and Workdown States. The Workup state occurs pursuant to hits or lifts by an aggressor taking the entire inventory of volume shown on the passive side; once established, the Workup State gives exclusive rights to the trade to the initial trader--who the system recognizes as the current worker. On screen, current workers are highlighted in a defined manner known to other participants. Current workers control the trade and can submit additional transaction volume to their contra-traders; this to the exclusion of outside customers. Current workers on the active side of the trade will include the Aggressor, and possibly other traders, below the Aggressor with transactions that move the trade into the "Workup" State by filling residual volume that needs "Workdown". For the passive side, an Aggressor that takes the entire size limits current worker status to himself and his counterparty.

CLAIMS:

24. A method of financial instrument trading implemented on a distributed workstation computer system, wherein said system provides for a predetermined trading protocol delineating participant access comprising the steps of:

a. providing a Bid/Offer System State wherein participants participate by actively monitoring trading wherein some of said participants enter bids, offers, price and volume information;

b. distributing said information to said plural workstations in essentially real time;

c. receiving trade hits and/or lifts from said participants responding to pending bids/offers as displayed on said workstations;

d. entering a Trading State wherein transactions are completed at one or more system defined prices;

e. returning to the Bid/Offer State after a pre-established termination event in said Trading State;

f. tracking and outputting consummated trades from said Trading State.

L21: Entry 15 of 17 File: USPT Nov 20, 2001

DOCUMENT-IDENTIFIER: US 6321212 B1
**** See image for Certificate of Correction ****
TITLE: Financial products having a demand-based, adjustable return, and trading exchange therefor

Brief Summary Text (6):
With the rapid increase in usage and popularity of the public Internet, the growth of electronic Internet-based trading of securities has been dramatic. In the first part of 1999, online trading via the Internet was estimated to make up approximately 15% of all stock trades. This volume has been growing at an annual rate of approximately 50%. High growth rates are projected to continue for the next few years, as increasing volumes of Internet users use online trading accounts.

Brief Summary Text (7):
Online trading firms such as E-Trade Group, Charles Schwab, and Ameritrade have all experienced significant growth in revenues due to increases in online trading activity. These companies currently offer Internet-based stock trading services, which provide greater convenience and lower commission rates for many retail investors, compared to traditional securities brokerage services. Many expect online trading to expand to financial products other than equities, such as bonds, foreign exchange, and financial instrument derivatives.

Brief Summary Text (28):
Recent patents have addressed the problem of financial market liquidity in the context of an electronic order-matching systems (e.g., U.S. Pat. No. 5,845,266). The principal techniques disclosed to enhance liquidity are to increase participation and traded volume in the system and to solicit trader preferences about combinations of price and quantity for a particular trade of a security. There are shortcomings to these techniques, however. First, these techniques implement order-matching and limit order book algorithms, which can be and are effectively employed in traditional "brick and mortar" exchanges. Their electronic implementation, however, primarily serves to save on transportation and telecommunication charges. No fundamental change is contemplated to market structure for which an electronic network may be essential. Second, the disclosed techniques appear to enhance liquidity at the expense of placing large informational burdens on the traders (by soliciting preferences, for example, over an entire price-quantity demand curve) and by introducing uncertainty as to the exact price at which a trade has been transacted or is "filled." Finally, these electronic order matching systems contemplate a traditional counterparty pairing, which means physical securities are frequently transferred, cleared, and settled after the counterparties are identified and matched. In other words, techniques disclosed in the context of electronic order-matching systems are technical elaborations to the basic problem of how to optimize the process of matching arrays of bids and offers.

Brief Summary Text (35):
As used in this specification, the term "contingent claim" shall have the meaning customarily ascribed to it in the securities, trading, insurance and economics communities. "Contingent claims" thus includes, for example, stocks, bonds and other such securities, derivative securities, insurance contracts and reinsurance

agreements, and any other financial products, instruments, contracts, assets, or liabilities whose value depends upon or reflects economic risk due to the occurrence of future, real-world events. These events may be financial-related events, such as changes in interest rates, or non-financial-related events such as changes in weather conditions, demand for electricity, and fluctuations in real estate prices. Contingent claims also include all economic or financial interests, whether already traded or not yet traded, which have or reflect inherent risk or uncertainty due to the occurrence of future real-world events. Examples of contingent claims of economic or financial interest which are not yet traded on traditional markets are financial products having values that vary with the fluctuations in corporate earnings or changes in real estate values and rentals. The term "contingent claim" as used in this specification encompasses both hypothetical financial products of the Arrow-Debreu variety, as well as any risky asset, contract or product which can be expressed as a combination or portfolio of the hypothetical financial products.

Brief Summary Text (37):
"Derivative security" (used interchangeably with "derivative") also has a meaning customarily ascribed to it in the securities, trading, insurance and economics communities. This includes a security or contract whose value depends on such factors as the value of an underlying security, index, asset or liability, or on a feature of such an underlying security, such as interest rates or convertibility into some other security. A derivative security is one example of a contingent claim as defined above. Financial futures on stock indices such as the S&P 500 or options to buy and sell such futures contracts are highly popular exchange-traded financial derivatives. An interest-rate swap, which is an example of an off-exchange derivative, is an agreement between two counterparties to exchange series of cashflows based on underlying factors, such as the London Interbank Offered Rate (LIBOR) quoted daily in London for a large number of foreign currencies. Like the exchange-traded futures and options, off-exchange agreements can fluctuate in value with the underlying factors to which they are linked or derived. Derivatives may also be traded on commodities, insurance events, and other events, such as the weather,

Detailed Description Text (574):
In a preferred embodiment depicted in FIG. 2, transaction server 240 is a computer running specialized software for performing various tasks including: (1) responding to data requests from the ORB 230, e.g., user, account, trade data and market data requests; (2) performing relevant computations concerning groups of DBAR contingent claims, such as intra-trading period and end-of-trading-period returns allocations and credit risk exposures; and (3) updating investor accounts based upon DRF payouts for groups of DBAR contingent claims and applying debits or credits for trader margin and positive outstanding investment balances. The transaction server 240 preferably processes all requests from the ORB 230 and, for those requests that require stored data (e.g., investor and account information), queries data storage devices 260. In a preferred embodiment depicted in FIG. 2, a market data feed 270 supplies real-time and historical market data, market news, and corporate action data, for the purpose of ascertaining event outcomes and updating trading period returns. The specialized software running on transaction server 240 preferably incorporates the use of object oriented techniques and principles available with computer languages such as C++ or Java for implementing the above-listed tasks.

Detailed Description Text (585):
In the preferred embodiment depicted in FIG. 4, Market Data database 263 stores market data from market data feed 270. In a preferred embodiment, the data in Market Data database 263 include data relevant for the types of contingent claims which can be traded on a particular exchange. In a preferred embodiment, real-time market data include data such as real-time prices, yields, index levels, and other similar information. In a preferred embodiment, such real-time data from Market Data database 263 are presented to traders to aid in making investment decisions

and are used by the DRF to allocate returns for groups of contingent claims which depend on such information. Historical data relating to relevant groups of DBAR contingent claims can also be stored in Market Data database 263. In preferred embodiments, news items related to underlying groups of DBAR contingent claims (e.g., comments by the Federal Reserve) are also stored in Market Data database 263 and can be retrieved by traders.

Detailed Description Text (591):
In process 401, depicted in FIG. 5, the trader requests access to the DBAR contingent claim exchange. As previously described in a preferred embodiment, the software application server 210 (depicted in FIG. 2) processes this request and routes it to the ORB 210, which instantiates an object responsible for the authentication of traders on the exchange on transaction server 240. The authentication object on transaction server 240, for example, queries the Trader and Account database 261 (depicted in FIG. 4) for the trader's username, password, and other identifying information supplied. The authentication object responds by either allowing or denying access as indicated in process 402 depicted in FIG. 5. If authentication fails in this illustration, process 403 prompts the trader to retry a logon or establish valid credentials for logging onto the system. If the trader has been granted access, the software application server 210 (depicted in FIG. 2) will display to the trader many user interfaces which may be of interest. For example, in a preferred embodiment, the trader can navigate through a sample of groups of DBAR contingent claims currently being traded, as represented in process 404. The trader may also check current market conditions by requesting those interfaces in process 404 that contain current market data as obtained from market data feed 270 (depicted in FIG. 2) and stored in Market Data database 263 (as depicted in FIG. 4). Process 405 of FIG. 5 represents the trader requesting the application server 210 for relevant information regarding the trader's account, such as the trader's current portfolio of trades, trade amounts, current amount of margin outstanding, and account balances. In a preferred embodiment, this information is obtained by objects running on transaction server 240 (FIG. 2) that query Trader and Account database 261 and Trade Blotter database 266 (FIG. 4).

Detailed Description Text (605):
In FIG. 5, process 429 represents the observation period during which the outcome of the event underlying the contingent claim is observed, the occurring state of the DBAR contingent claim determined and any other predetermined termination criteria are fulfilled. In a preferred embodiment, the event outcome is determined by query of the Market Data database 263 (FIG. 4), which has been kept current by Market Data Feed 270. For example, for a group of contingent claims on the event of the closing price of IBM on Aug. 3, 1999, the Market Data database 263 will contain the closing price, 1193/8, as obtained from the specified event data source in Event Data database 264. The event data source might be Bloomberg, in which case an object residing on transaction server 240 previously instantiated by ORB 230 will have updated the Market Returns database 262 with the closing price from Bloomberg. Another similarly instantiated object on transaction server 240 will query the Market Returns database 262 for the event outcome (1193/8), will query the Contingent Claims Terms and Conditions database 267 for the purpose of determining the state identification corresponding to the event outcome (e.g., Contingent Claim # 1458, state #8) and update the event and state outcomes into the Event Data database 264.

Detailed Description Text (608):
FIG. 6 depicts as preferred embodiment of a sample HTML page used by traders in an exchange for groups of DBAR contingent claims which illustrates sample display 500 with associated input/output devices, such as display buttons 504-507. As depicted in FIG. 6, descriptive data 501 illustrate the basic investment and market information relevant to an investment. In the investment illustrated in FIG. 6, the event is the closing price of IBM common stock at 4:00 p.m. on Aug. 3, 1999. As depicted in FIG. 6, the sample HTML page displays amount invested in each defined

state, and returns available from Market Returns database 262 depicted in FIG. 4. In this illustration and in preferred embodiments, returns are calculated on transaction server 240 (FIG. 2) using, for example, a canonical DRF. As also depicted in FIG. 6, real-time market data is displayed in an intraday "tick chart", represented by display 503, using data obtained from Market Data Feed 270, as depicted in FIG. 7, and processed by transaction server 240, depicted in FIG. 2. Market data may also be stored contemporaneously in Market Data database 263.

Detailed Description Text (611):
FIG. 7 depicts a preferred embodiment of the Market Data Feed 270 of FIG. 2 in greater detail. In a preferred embodiment depicted in FIG. 7, real-time data feed 600 comprises quotes of prices, yields, intraday tick graphs, and relevant market news and example sources. Historical data feed 610, which is used to supply market data database 263 with historical data, illustrates example sources for market time series data, derived returns calculations from options pricing data, and insurance claim data. Corporate action data feed 620 depicted in FIG. 7 illustrates the types of discrete corporate-related data (e.g., earnings announcements, credit downgrades) and their example sources which can form the basis for trading in groups of DBAR contingent claims of the present invention. In preferred embodiments, functions listed in process 630 are implemented on transaction server 240 (FIG. 2) which takes information from data feeds 600, 610, and 620 for the purposes of allocating returns, simulating outcomes, calculating risk, and determining event outcomes.

Detailed Description Text (635):
FIG. 10 depicts a preferred embodiment of a feedback process for improving of a system or exchange for implementing the present invention. As depicted in FIG. 10, in a preferred embodiment, closing and intraperiod returns from Market Returns database 262 and market data from Market Data database 263 (depicted in FIG. 2) are used by process 910 for the purpose of evaluating the efficiency and fairness of the DBAR exchange. One preferred measure of efficiency is whether a distribution of actual outcomes corresponds to the distribution as reflected in the finalized returns. Distribution testing routines, such as Kolmogorov-Smirnoff tests, preferably are performed in process 910 to determine whether the distributions implied by trading activity in the form of returns across the defined states for a group of DBAR contingent claims are significantly different from the actual distributions of outcomes for the underlying events, experienced over time. Additionally, in preferred embodiments, marginal returns are also analyzed in process 910 in order to determine whether traders who make investments late in the trading period earn returns statistically different from other traders. These "late traders," for example, might be capturing informational advantages not available to early traders. In response to findings from analyses in process 910, a system according to the present invention for trading and investing in groups of the DBAR contingent claims can be modified to improve its efficiency and fairness. For example, if "late traders" earn unusually large profits, it could mean that such a system is being unfairly manipulated, perhaps in conjunction with trading in traditional security markets. Process 920 depicted in FIG. 10 represents a preferred embodiment of a counter-measure which randomizes the exact time at which a trading period ends for the purposes of preventing manipulation of closing returns. For example, in a preferred embodiment, an exchange announces a trading closing end time falling randomly between 2:00 p.m and 4:00 p.m on a given date.

Detailed Description Text (670):
Preferred embodiments of the invention have been described in detail above, various changes thereto and equivalents thereof will be readily apparent to one of ordinary skill in the art and are encompassed within the scope of this invention and the appended claim. For example, many types of demand reallocation functions (DRFs) can be employed to finance gains to successful investments with losses from unsuccessful investments, thereby achieving different risk and return profiles to traders. Additionally, this disclosure has primarily discussed methods and systems

for groups and portfolios of DBAR contingent claims, and markets and exchanges for those groups. The methods and systems of the present invention can readily be adapted by financial intermediaries for use within the traditional capital and insurance markets. For example, a group of DBAR contingent claims can be embedded within a traditional security, such as a bond for a given corporate issuer, and underwritten and issued by an underwriter as previously discussed. It is also intended that such embodiments and their equivalents are encompassed by the present invention and the appended claims.

Other Reference Publication (20):
Schwartz, Robert A., 1991. Integrating Call and Continuous Markets, Securities Traders' Monthly, Sep. 1991, 14-16.

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L23: Entry 16 of 16 File: USPT Oct 6, 1998

DOCUMENT-IDENTIFIER: US 5819238 A
TITLE: Apparatus and accompanying methods for automatically modifying a financial portfolio through dynamic re-weighting based on a non-constant function of current capitalization weights

Brief Summary Text (24):
Specifically, my inventive apparatus contains circuitry which obtains appropriate input information and an appropriately programmed computer system. The input information, which can be provided from any of a wide variety of sources, includes an enumeration of each security in the index and its shares currently outstanding, as well as current price information on each such security and its price change. The computer system, using this information as well as internally stored portfolio data, first determines a variable ("target") weighting for each of the securities in the portfolio as the non-constant function of current capitalization weights associated with the index, so as to define a set of target weights. Once all the target weights have been so determined, the computer then issues digital trading instructions, each of which represents a trade of a corresponding security, to, e.g., an electronic trading network such that current assets held in the portfolio are to be distributed, upon subsequent execution of the instructions, amongst the securities in the portfolio in proportion to and as defined by the target weights so as to dynamically rebalance the portfolio. This inventive portfolio rebalancing method is periodically repeated, such as weekly, daily or at any other such desired interval, to: analyze current changes in share price and current index composition and weightings, calculate new positions in each security held in the portfolio and issue appropriate market trade orders to appropriately update, i.e. rebalance, the portfolio holdings to reflect these new positions. As any particular security is deleted from or added to the index, the portfolio, through my inventive dynamic rebalancing process, reflects that deletion, i.e. through liquidation of any holdings in that security, or the addition, i.e. by calculating a target weighting for that security and establishing a holding therein once this target weighting reaches a sufficient, though, e.g., relatively low, level.

Drawing Description Text (4):
FIGS. 1A-1D collectively depict large scale, though simplified, security trading system 5 incorporating my inventive dynamic portfolio management system 65;

Detailed Description Text (5):
A large scale, though simplified, security trading system 5 incorporating my inventive dynamic portfolio management system 65 is collectively depicted in FIGS. 1A-1D; the correct alignment of the drawing sheets for these figures is depicted in FIG. 1. My inventive management system can readily function to manage a portfolio of securities on any exchange(s) and even a portfolio that extends over multiple exchanges, e.g., securities on the S & P 500 index can be found on the New York Stock Exchange (NYSE), NASDAQ and American exchanges. To simplify the figures and the ensuing discussion, I will illustrate and discuss my invention in the context of use with securities traded on the NYSE.

Detailed Description Text (14):

Alternatively, trade orders can also be placed through the NYSE Super DOT system. This avenue provides cost-effective execution for relatively small blocks of shares, but only for those securities that trade on the NYSE. If this avenue is selected by the analyst for a given trade order, trade execution computer 70 appropriately converts the trade order into an appropriate format required for DOT execution and then routes the order so formatted, as a message, to NYSE DOT System 110 for execution. To do so, computer 70 establishes a modem connection, via dedicated line 98, to DOT computer 102 at a brokerage firm, here firm 100, that participates in the Super DOT system. Though, for ease of understanding and discussion, DOT computer 102 is shown separate from any of brokerage order execution systems 130, in practice, this DOT computer can be implemented as part of any of these order execution systems. Once this order is electronically transmitted, as a message, to DOT computer 102, this computer, in turn, electronically transmits that order, via dedicated line 107, to Super DOT system 110 itself. Within system 110, the order is first routed to SIAC (Securities Industry Automation Corporation) computer 112 which, in response thereto, either accepts or rejects the order. Based on whether the order is accepted or rejected (typically because a security in the order does not trade on the NYSE) by the Super DOT system, SIAC computer 112 generates a suitable acknowledgment or rejection message, and transmits that message back to DOT computer 102 at participating broker 100. This computer, in turn, transmits this message back through dedicated line 98 to trade execution computer 70 for subsequent use thereat. For those orders that are accepted, computer 112 parses the trade order into an appropriate buy or sell order for each different security listed therein and generates a suitable transaction (i.e. buy or sell) message for each such different security. Computer 112 then routes these messages to common message switch 115, which, in turn, routes each such message to an appropriate station, on a trading floor of the NYSE, which is manned by a "floor specialist" who makes and manages a market in the corresponding security. Eligible trades are matched and executed by the specialists in accordance with NYSE rules. All orders, whether through the Super DOT system or other on-exchange avenue(s), for any security traded on the NYSE are ultimately routed through a floor specialist for that security. Inasmuch as the NYSE utilizes a significant number of specialists, some of whom make and manage markets in just one or more than one traded security, these specialists are denoted as specialists 120 with individual floor specialists 120.sub.1, 120.sub.2, . . . , 120.sub.n. The stations (though not specifically shown) utilized by specialists 120 are connected to common message switch 115 through lines 118, specifically lines 118.sub.1, 118.sub.2, . . . , 118.sub.n for specialists 120.sub.1, 120.sub.2, . . . , 120.sub.n, respectively. Orders for those specific securities that have formed part of a trade order but could not be traded through the Super DOT system are executed by participating broker 100. For each of these orders, broker 100 generates an appropriate confirmation message and routes that message back, via dedicated line 98, to trade execution computer 70 for subsequent reconciliation by accounting computer 80.

Detailed Description Text (15):
Apart from use of the bulletin board and Super DOT trading avenues, trade orders can be placed directly with a given brokerage firm which, in this case, acts as a principal. This avenue, referred to as a "principal trade", is generally selected by the analyst for trading larger blocks of shares than through either bulletin board or Super DOT system. Once the analyst has selected a principal trade for a given trade order, computer 70 establishes a modem connection, via line 78 and PSTN 40 and lines 135, to a desired brokerage firm. Once this connection is so established, a conventional so-called "trade statistics" package is transmitted, as, e.g., a message, directly by computer 70 into the order execution system at that brokerage firm. Such a package is directly transmitted, in this fashion, to several different brokerage firms for competitive bidding thereamong. Once each of the brokerage firms receives the package, an appropriate employee(s) thereat analyzes the package and, if the brokerage firm is interested in executing the package, telephones a voice message to the analyst with its single bid, i.e. on a

total cost basis, for handling the complete package. The analyst then appropriately reviews and analyzes these bids, selects a winning bid and so notifies the associated "winning" brokerage firm usually by telephone. Thereafter, the analyst posts a file containing all the actual individual trade orders that are to be executed, and which the statistics package represents, onto the page of the electronic bulletin board for the winning broker. That broker, through its order execution system, retrieves this file and then executes, to the extent it itself can, all the individual orders listed therein. Those individual orders which that brokerage firm can not fully execute internally, for whatever reason, are executed by that broker through alternate avenues. While the market is open, these alternate avenues for such an order include, e.g., routing that order to the station of the floor trader at NYSE trading floor for that brokerage firm who then, in turn, presents the order for each security being traded to the floor specialist for that security in an attempt to match the trade with an opposite party and hence execute the trade. As such, the order execution systems at the brokerage firms are connected, via collectively lines 133, to the NYSE trading floor, with specifically order execution systems 130.sub.1, 130.sub.2, . . . , 130.sub.m connected by lines 133.sub.1, 133.sub.2, . . . , 133.sub.m to appropriate trading stations located on the trading floor. Once the brokerage firm executes the trade order, that firm posts a file, to electronic bulletin board 75, which specifies those individual trades within the trade order that have been executed. This file is subsequently accessed, from bulletin board 75 and via LAN 77, by accounting computer 80 for subsequent reconciliation.

Detailed Description Text (16):
A further trading avenue involves so-called off-exchange trading. This avenue utilizes so-called crossing networks 90, of which Instanet system 92 and POSIT system 94, are two examples of such networks. Each of these networks receives buy and sell orders electronically transmitted directly from interested parties who are connected to that network, matches the buy and sell orders for each security at each different price level and executes the orders thereamong and returns appropriate confirmation messages. Generally, this avenue provides cost-effective trading for relatively small blocks of shares. These systems, which by-pass any exchange, can accommodate nearly any security. If this avenue is selected by the analyst, computer 70 establishes a modem connection, via line 78 and PSTN 40, to the selected crossing network, such as through line 91 to Instanet system 92 or via line 96 to POSIT system 94. Once this connection is established, computer 70 transmits a properly formatted message for each security to be traded which specifies, inter alia, the name of the security; the type of trade sought, i.e. buy or sell; the number of shares involved; and the price at which the trade is to be executed. System 92 or 94, depending upon which is used for a given trade, will issue and transmit a message back through PSTN 40 to computer 70 confirming which trades have been executed, and after a trade has been pending for a given amount of time, which trades have not been executed. Trade confirmation messages are routed by computer 70 to trade generating computer 60 to expeditiously update the data, specifically the current portfolio holdings, locally stored therein. In conjunction with appropriate instructions issued by the analyst, those trades, that have not been executed by the corresponding crossing network to which that trade has been posted, are re-formatted by computer 70 and posted as a trade order to bulletin board 75 for execution as an agency trade.

Detailed Description Text (19):
For all verified trades, system 140 also supplies, typically on a batch basis for all trades that occurred during an immediately prior market session, appropriate transaction information to appropriate transfer/disbursing agents, and specifically to database and accounting systems 150 thereat. This information permits these agents to update their shareholder records to properly reflect changes in share ownership for each of their client organizations that occurred during this prior market session. Inasmuch as different issuers utilize different transfer/disbursing agents, trade verification system 140 routes cleared trade information, via lines

153 and specifically lines 153.sub.1, 153.sub.2, . . . , 153.sub.j, for each security to the appropriate database and accounting system 150.sub.1, 150.sub.2, . . . , 150.sub.j at the transfer/disbursing agents for that particular security. For those securities that pay a dividend, each of the transfer/disbursing agents, specifically database and accounting systems 150 thereat and in response to electronic payment instructions received over lines 157, disburses dividend payments to the appropriate shareholder accounts. Inasmuch as custodial bank 150 holds all securities and cash, typically in electronic form, in each portfolio being dynamically managed by system 65, database and accounting systems 150 provide messages containing dividend payment information, via lines 155, specifically lines 155.sub.1, 155.sub.2, . . . , 155.sub.j from database and accounting systems 150.sub.1, 150.sub.2, . . . , 150.sub.j, to custodial bank 160. With this information, custodial bank 160 updates the cash balance in each such portfolio to reflect the payment of dividends.

Detailed Description Text (22):
Once trades have been verified and mis-matched trades resolved, to the extent possible, custodial bank accounting system 160 establishes a direct connection, via line 163, to trade verification system 140 to settle the matched trades by authorizing appropriate transfer transactions in the accounts of the associated transacting parties. Though only one custodial bank accounting system 160 is specifically shown, system 65 can dynamically manage several different portfolios, each being held by a different custodial bank. In that case, database and accounting systems 150 would route appropriate dividend information to each of the custodial banks reflective of their current holdings, with each of these custodial banks separately clearing trades, that involve its holdings, through trade verification system 140.

Detailed Description Text (34):
Incoming share prices, share price changes and S & P 500 information (composition of the index and current shares outstanding), supplied to dynamic portfolio management program 330, are collectively symbolized by line 305. The resulting trade orders generated by program 330 is symbolized by line 340. In addition to programs 330, system 65 also includes accompanying stored data 325. This data, residing on fixed disk storage within memory 240, contains current portfolio holdings, in terms of, e.g., the name of each security held, the number of shares outstanding for that security, a current cash balance, and various predefined parameter values. Input to data 325, in the form of a cash balance and trade results, is collectively symbolized by line 308. Data 325 is illustratively stored in ASCII based files (effectively implementing a data base) with appropriate conventional programs used to download the incoming market data, from the satellite receiver, and the S & P 500 data, from the S & P information server, and update these data files accordingly. Furthermore, accounting computer 80 also updates the portfolio data in a conventional manner with verified trade information, as described above.

Detailed Description Text (49):
Thereafter, execution proceeds to block 610, which through block 615 executed therein, performs various initialization operations, specifically reading various predefined and stored limit values and setting various threshold values. The numeric and illustrative values which I currently use are set forth in parentheses. In that regard, an assumed trading cost variable is set to illustratively $0.15/share to reflect ticket (brokerage) charges. This charge can be set to a lower number, or an appropriate function of share volume to be traded, in order to accurately reflect marginal cost decreases for transactions involving increasing numbers of shares. A large price change threshold is set to illustratively 10%, i.e. a large price change flag for a given security is set whenever a share price change of more than 10% is detected from the last time rebalancing occurred. A large share change threshold is set to illustratively 20%, i.e. a large share change flag will be set whenever a trade order issues to sell more than 20% of the

shares currently held in any one security in the account. A minimum trade size, , as a percent of current holdings, is set at illustratively 0.01%, i.e. trades in a security will not be executed for less than 0.01% of the portfolio value. A minimum buying price variable, , at which a security will be bought is set to illustratively $0.01. A variable, , will be set to illustratively 0.02% to reflect the maximum amount of cash, as a percentage of total current portfolio value, that is to be maintained, i.e. not invested during dynamic rebalancing. A variable, , is also set to reflect the maximum amount of cash, illustratively 0.2%, as a percentage of the total current portfolio value that is to be maintained before the cash investment mode is automatically invoked. A variable, , is illustratively set to 5%, as a stock trading band. In that regard, if the actual weighting, as a percentage of the total portfolio, at which a security is currently held lies within a range of the "target" weighting determined through rebalancing, this range being the stock trading band (here illustratively .+-.5% of the weight), then no trade is triggered to change the holding in this security. Lastly, the exponent for dynamic rebalancing, referred to above as p and hereinafter also referred to as , is illustratively set to the value 0.76.

Detailed Description Text (50):
Once block 615 has fully executed, execution proceeds from block 610 to block 620. This latter block first obtains market share price and share price change data from the real-time market data feed, e.g. the satellite feed, and S & P composition information from the S & P 500 Information server. Specifically, this block obtains security information for each security in the S & P 500 in terms of: a ticker symbol (as used in the NYSE to identify the security by name), a CUSIP number (a unique alphanumeric identifier for each different security), a security name, current price (here denoted as p.sub.i and not to be confused with exponent p above), total number of shares outstanding, S.sub.i, and a change in price from the previous market close. Once this data is obtained, block 620 organizes this data in ascending order by CUSIP number, and ensures, for error checking, that all price data is positive--with appropriate changes being made, through involving proper human intervention, to appropriately correct negative price data (which is clearly erroneous). In the event that the price for any security has changed in excess of the large price change threshold, typically 10% as noted above, then the large price change flag is set for that security. Based on the data reflecting the current securities in the S & P 500, the total number of shares outstanding of each of these securities and its current price, block 620 then calculates the S & P 500 weighting for each security currently contained within the S & P 500 index. Once these operations are complete, execution exits for the entire trading day from block 620. This same information is used with respect to each different portfolio that is to be dynamically rebalanced with respect to the S & P 500 index. Alternatively, if another capitalization weighted index(indices), other than the S & P 500 index, is to be used, then block 620 would be suitably modified to obtain similar data but pertinent to the securities held in that index(indices). Thereafter, execution proceeds to block 625 which reads a "global posted stock list". This list contains securities, in CUSIP order, that can not be traded, for one reason or another, in any portfolio (account) currently being dynamically managed. Thereafter, execution proceeds to block 630 which obtains a list of accounts (different portfolios) that are to be dynamically rebalanced. The value of variable n is set to the total number of such accounts to be managed.

Detailed Description Text (54):
Once block 666 has fully executed, execution proceeds to block 668. This latter block, when executed, checks integrity of the trading list generating by routine 900. This checking first involves assessing whether a resulting cash balance in the account is negative. Since negative cash balances, at this point in the program, are not allowed, any such negative condition is an error condition requiring human intervention to resolve, such as by invoking the cash investment mode to sell appropriate positions in order to raise sufficient minimum cash. In addition, a flag is set and a warning message generated if the trading list contains an order

involving a proscribed security. Furthermore, a warning message is provided, and a trade type indicator, .nu..sub.i, for the security is set to "S" (for "Short"), if a potential sale leads to a negative share position, i.e. a so-called "short sale". Such negative positions are also not permitted and signify a need for human intervention to correct. Alternatively, if an order involves more than 200 shares of a given security and if the trade represents a greater fraction than the large share change threshold (currently set to 20%) of the holdings in that particular security, then the large change indicator is set appropriately to signify this (if it has not already been so set). Thereafter, block 668 calculates the total number of the buy and sell orders, the total number of the shares to be traded and the total number of trades in the trading list to be executed. Once this is accomplished, block 668 calculates the return provided by the account since the previous market close. Lastly, block 668 provides as output, illustratively in printed form, the number of trades to execute, the immediately prior and now rebalanced account (portfolio) holdings and value, cash balance in the account and the returns on both the account and the S & P 500 index. Execution then exits from block 668.

Detailed Description Text (56):
To generate the first file, execution proceeds to block 672 which generates an output trade ticket file (i.e. a "trade" file) from the trading list. This file, which will ultimately be supplied to a broker for execution, through a selected trading avenue, contains the number of the account (individual portfolio) in which all these trades are to occur; the current date; and for each trade: the ticker symbol of each security to be traded, whether that trade is a buy or sell, the number of shares to be traded, the current price of the security and the CUSIP identifying that security. This file is sorted with sell orders preceding buy orders and the trades for each then ordered in ascending CUSIP order.

Detailed Description Text (61):
Upon entry into this routine, execution proceeds to block 705. This block, when executed, forms a set of securities, i.e. SECURITY.sub.- SET, which has securities that are in either or both the S & P 500 index and the account. These include the securities that are to be dynamically managed in the account. Weights are calculated and assigned for all the securities for which trading is permitted. Once this set is established, block 710 is executed. This block initializes an index variable, i, to the value "one" and sets a variable, m, equal to the number of securities in the account to be processed, i.e. in ACCOUNT(ACCOUNT.sub.-- INDEX).

Detailed Description Text (62):
Thereafter, execution enters a loop composed of blocks 715, 720, 725 and 730 to calculate, a temporary proportion for each security, i.e. for SECURITY(i), in the set. In particular, block 715, when executed, selects a next successive security in the set as indicated by the current value of index variable i. Execution then proceeds to block 720 which, for each security for which trading is permitted (i.e., .tau..sub.i does not equal 1) calculates a temporary proportion, .omega..sub.i, to be a market capitalization of that security which is a product of a current price of that security (.sub.i) and a number of shares (.sub.i) thereof currently outstanding. Once this occurs, decision block 725 executes to determine whether all securities in the set have been selected, i.e. whether the current value of index variable i equals the value of variable m. If a security in this set remains to be selected, then decision block 725 routes execution, via NO path 726, to block 730. This latter block increments the current value of index variable i by one in order to point to a next successive security in the set. Execution then loops back, via path 735, to block 715 to appropriately process that security, and so forth. Alternatively, if all the securities in the set have been so processed with a temporary proportion calculated for each, then decision block 725 routes execution, via YES path 728, to block 740. Block 740 normalizes all the values of the target proportions (.omega..sub.i, i=1, 2, . . . , m) such that their total sum equals the value one. Execution then proceeds to block 745 which re-initializes the

value of index variable i to one.

Detailed Description Text (63):
At this point, execution enters a loop formed of blocks 750, 755, 760 and 770 to calculate the target proportion for each security, i.e. for SECURITY(i), in the set for which trading is permitted. In particular, block 750, when executed, selects a next successive security in the set as indicated by the current value of index variable i. Execution then proceeds to block 755 which, for each security, calculates a target proportion, .pi..sub.i, for SECURITY(i), using either an entropy or diversity measure as embodied, respectively, in equation (3) or (4) above, as a function of its current market capitalization weighting. An entropy measure is used for non-zero capitalization weightings (i.e. securities in which trading is permitted) and where the diversity exponent has been predefined as zero. Where the diversity exponent (here) is set to 0.76, as in the preferred embodiment, then, for those securities in the set for which trading is permitted, a diversity measure, as embodied in equation (4), is used instead to calculate the target proportion for each such security. Once this occurs, decision block 760 executes to determine whether all securities in the set have been selected, i.e. whether the current value of index variable i equals the value of variable m. If a security in this set remains to be selected, then decision block 760 routes execution, via NO path 762, to block 770. This latter block increments the current value of index variable i by one in order to point to a next successive security in the set. Execution then loops back, via path 775, to block 750 to appropriately process that security, and so forth. Alternatively, if all the securities in the set have been so processed with a target proportion calculated for each, then decision block 760 routes execution, via YES path 764, to block 780. Block 780 normalizes all the values of the target proportions (.pi..sub.i, i=1, 2, . . . , m) such that their total sum equals the value 1. Once this normalization has occurred, execution exits from routine 700.

Detailed Description Text (87):
If, for any security, SECURITY(i), all three conditions are satisfied, then block 925 determines the amount of shares to be traded, i.e. a current trade, in that security, .epsilon..sub.i. Block 925 first calculates this amount as being equal to the target proportion multiplied by the total portfolio value divided by the current price of this security (.pi..sub.i /.sub.i) less the current number of shares held in that security (.sigma..sub.i). Inasmuch as a security trade will only be issued in round lots, i.e. in lots of 100 share multiples, block 925 then rounds the calculated number of shares to be traded to the nearest multiple of 100 shares, using a centering variable, L. This variable specifies the band, relative to the middle of any 100 share lot, at which a share quantity will be rounded to the next higher lot. This variable, which is predefined for any given account and generally constant therefor will be increased in situations where a low cash balance exists in the account in order to permit the cash control mode to properly converge. In those instances where the current proportion exceeds the target proportion, then the trade is a sell with the number of round lots given by: ##EQU4## Alternatively, where the current proportion is less than the target proportion, then the trade is a buy with the number of shares, in numbers of round lots, given by: ##EQU5##

Detailed Description Text (88):
Once the number of shares, in terms of round lots, has been calculated, the actual number of shares to be traded is determined simply by multiplying the number of lots to be traded by 100, i.e. .epsilon..sub.i =.epsilon..sub.i .times.100. With this share quantity determined, execution then exits from block 925 and is routed to block 940. If the cash investment, rather than dynamic rebalancing, mode is to occur (i.e., M could equal 0), then no trades will be executed through block 925 for any security, with such trades governed by executing cash control routine 1000, as discussed in detail below, upon termination of currently executing routine 900.

Detailed Description Text (98):
Once block 1025 has completely executed to generate an appropriate remainder trade for SECURITY(i), decision block 1030 executes to determine whether all securities in the set have been selected, i.e. whether the current value of index variable i equals the value of variable m. If a security in this set remains to be selected, then decision block 1030 routes execution, via NO path 1032, to block 1035. This latter block increments the current value of index variable i by one in order to point to a next successive security in the set. Execution then loops back, via path 1038, to block 1020 to appropriately process that security, and so forth. Alternatively, if all the securities in the set have been so processed, then execution proceeds to decision block 1040, via YES path 1034 emanating from decision block 1030.

Detailed Description Text (100):
In particular, within this loop, execution first proceeds to decision block 1040 to test whether the cash balance, , is negative or exceeds the cash maintenance proportion, , multiplied by the account value. If the cash balance is positive but less than this maintenance proportion multiplied by the account value, then no further trades need to be issued to consume cash. Accordingly, execution exits from routine 1000, via NO path 1042 emanating from decision block 1040. Alternatively, if the current cash balance, , as a result of a prior iteration through this loop, is negative or greater than the cash maintenance proportion, , multiplied by the account value, then decision block 1040 routes execution, via YES path 1044, to block 1045. This latter block determines the amount of excess portfolio cash, D, that needs to be consumed or raised (in the event this parameter is negative). Excess cash is simply determined as being the current cash balance, , in the account less the cash maintenance proportion, , multiplied by the current value of the account, . Once this determination is made, execution proceeds to block 1050 to select the particular remainder trade to issue as a trade from the set of remainder trades that has just been determined. If the excess cash is positive, then the particular remainder trade that is selected from the set is that which involves the largest security purchase, in monetary terms. Else, if the excess cash balance is negative, indicating that cash needs to be raised, then the particular remainder trade that is selected from the set of remainder trades is that which involves the largest sale, again in monetary terms. The amount of the resulting selected remainder trade, denoted .theta..sub.k, is then adjusted through execution of block 1055. In particular, in the event this remainder trade would consume more than the excess cash, then this block reduces this remainder trade to consume just this amount of cash. Thereafter, execution proceeds to block 1060 to determine the number of shares to be traded through this particular remainder trade. This number,.epsilon..sub.k, is initially calculated through equation (9) as follows: ##EQU6## Once this number is determined, then the remainder trade for this security, i.e. .theta..sub.k, is set equal to zero to eliminate any remainder trade for this security from further selection. Thereafter, if the remainder trade, when combined with the number of shares currently in this security, would result in a short sale, i.e. the remainder trade involves a sale of more shares than currently held in this security, i.e. .sigma..sub.i, then the number of shares to be sold through this particular remainder trade, i.e. .epsilon..sub.k, is reduced to the number of shares currently held. The trade type for this trade, .nu..sub.k, is set to "C" to reflect this trade as a cash control trade. Once block 1060 has fully executed to complete the generation of the appropriate remainder trade, then execution proceeds to block 1065 to update the portfolio value and cash balance to reflect this remainder trade. Specifically, block 1065 updates the cash balance by first calculating the total cost, .gamma., associated with the current trade. This cost is illustratively calculated as being the assumed trading cost ($0.15/share) multiplied by the number of shares to be traded. As noted above in connection with block 945, other cost metrics, such as a flat or sliding fee, can be used instead, if and when appropriate. In any event, once the trade cost is determined through block 1065, this block then updates the current cash balance, , as simply the prior cash balance less number of shares to be traded multiplied by their price per share

less the trade cost. Lastly, the portfolio value, , is updated by simply subtracting the trade cost, .gamma., and the remainder trade is inserted into the trading list. Once this occurs, execution loops back, via path 1068, to decision block 1040 to determine whether any further remainder trades need to be selected, and so forth.

CLAIMS:

5. The apparatus in claim 3 wherein the computer system has computer executable instructions for, during operation in said cash investment mode:

generating a list of possible trades for each security in the set;

selecting one of the possible trades that consumes, amongst all of the possible trades, a largest amount of the cash;

issuing an electronic instruction, to an electronic trading network, containing said selected one trade so as to execute said one possible trade; and

removing said selected one trade from said list and repeating said selecting, issuing and removing operations, in seriatim, to generate additional trades for execution until said cash decreases below said predefined threshold.

7. The apparatus in claim 6 wherein the computer system has computer executable instructions for:

calculating a number of shares in said one security to be traded;

rounding said number to a round lot of shares so as to form a rounded share number; and

incorporating said rounded share number within the corresponding one digital trading instruction.

15. The apparatus in claim 13 wherein the computer system has computer executable instructions for, during operation in said cash investment mode:

generating a list of possible trades for each security in the set;

selecting one of the possible trades that consumes, amongst all of the possible trades, a largest amount of the cash;

issuing an electronic instruction, to an electronic trading network, containing said selected one trade so as to execute said one possible trade; and

removing said selected one trade from said list and repeating said selecting, issuing and removing operations, in seriatim, to generate additional trades for execution until said cash decreases below said predefined threshold.

17. The apparatus in claim 16 wherein the computer system has computer executable instructions for:

calculating a number of shares in said one security to be traded;

rounding said number to a round lot of shares so as to form a rounded share number; and

incorporating said rounded share number within the corresponding one digital trading instruction.

25. The apparatus in claim 23 wherein the computer system has computer executable instructions for, during operation in said cash investment mode:

generating a list of possible trades for each security in the set;

selecting one of the possible trades that consumes, amongst all of the possible trades, a largest amount of the cash;

issuing an electronic instruction, to an electronic trading network, containing said selected one trade so as to execute said one possible trade; and

removing said selected one trade from said list and repeating said selecting, issuing and removing operations, in seriatim, to generate additional trades for execution until said cash decreases below said predefined threshold.

27. The apparatus in claim 26 wherein the computer system has computer executable instructions for:

calculating a number of shares in said one security to be traded;

rounding said number to a round lot of shares so as to form a rounded share number; and

incorporating said rounded share number within the corresponding one digital trading instruction.

35. The apparatus in claim 34 wherein the computer system has computer executable instructions for:

calculating a number of shares in said one security to be traded;

rounding said number to a round lot of shares so as to form a rounded share number; and

incorporating said rounded share number within the corresponding one digital trading instruction.

36. The apparatus in claim 1 wherein the computer system has computer executable instructions for:

generating a list of possible trades for each security in the set;

selecting one of the possible trades that consumes, amongst all of the possible trades, a largest amount of the cash;

issuing an electronic instruction, to an electronic trading network, containing said selected one trade so as to execute said one possible trade; and

removing said selected one trade from said list and repeating said selecting, issuing and removing operations, in seriatim, to generate additional trades for execution until said cash decreases below said predefined threshold.

45. The method in claim 43 further comprising the steps, in the computer system during said cash investment mode, of:

generating a list of possible trades for each security in the set;

selecting one of the possible trades that consumes, amongst all of the possible trades, a largest amount of the cash;

issuing an electronic instruction, to an electronic trading network, containing said selected one trade so as to execute said one possible trade; and

removing said selected one trade from said list and repeating said selecting, issuing and removing operations, in seriatim, to generate additional trades for execution until said cash decreases below said predefined threshold.

47. The method in claim 46 further comprising the steps, in the computer system during said instruction generating step and during said rebalancing mode, of:

calculating a number of shares in said one security to be traded;

rounding said number to a round lot of shares so as to form a rounded share number; and

incorporating said rounded share number within the corresponding one digital trading instruction.

53. The method in claim 51 further comprising the steps, in the computer system during said cash investment mode, of:

generating a list of possible trades for each security in the set;

selecting one of the possible trades that consumes, amongst all of the possible trades, a largest amount of the cash;

issuing an electronic instruction, to an electronic trading network, containing said selected one trade so as to execute said one possible trade; and

removing said selected one trade from said list and repeating said selecting, issuing and removing operations, in seriatim, to generate additional trades for execution until said cash decreases below said predefined threshold.

55. The method in claim 54 further comprising the steps, in the computer system during said instruction generating step and during said rebalancing mode, of:

calculating a number of shares in said one security to be traded;

rounding said number to a round lot of shares so as to form a rounded share number; and

incorporating said rounded share number within the corresponding one digital trading instruction.

60. The method in claim 59 further comprising the steps, in the computer system during said cash investment mode, of:

generating a list of possible trades for each security in the set;

selecting one of the possible trades that consumes, amongst all of the possible trades, a largest amount of the cash;

issuing an electronic instruction, to an electronic trading network, containing said selected one trade so as to execute said one possible trade; and

removing said selected one trade from said list and repeating said selecting, issuing and removing operations, in seriatim, to generate additional trades for execution until said cash decreases below said predefined threshold.

63. The method in claim 62 further comprising the steps, in the computer system

during said instruction generating step and during said rebalancing mode, of:

calculating a number of shares in said one security to be traded;

rounding said number to a round lot of shares so as to form a rounded share number; and

incorporating said rounded share number within the corresponding one digital trading instruction.

68. The method in claim 66 further comprising the steps, in the computer system during said cash investment mode, of:

generating a list of possible trades for each security in the set;

selecting one of the possible trades that consumes, amongst all of the possible trades, a largest amount of the cash;

issuing an electronic instruction, to an electronic trading network, containing said selected one trade so as to execute said one possible trade; and

removing said selected one trade from said list and repeating said selecting, issuing and removing operations, in seriatim, to generate additional trades for execution until said cash decreases below said predefined threshold.

70. The method in claim 69 further comprising the steps, in the computer system during said instruction generating step of:

calculating a number of shares in said one security to be traded;

rounding said number to a round lot of shares so as to form a rounded share number; and

incorporating said rounded share number within the corresponding one digital trading instruction.

Freeform Search

Database: US Pre-Grant Publication Full-Text Database
US Patents Full-Text Database
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EPO Abstracts Database
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Derwent World Patents Index
IBM Technical Disclosure Bulletins

Term:

Display: 10 **Documents in Display Format:** - **Starting with Number** 1

Generate: O **Hit List** ◉ **Hit Count** O **Side by Side** O **Image**

Search Clear Interrupt

Search History

DATE: Tuesday, March 30, 2004 Printable Copy Create Case

Set Name side by side	Query	Hit Count	Set Name result set
DB=PGPB,USPT,USOC,EPAB,JPAB,DWPI,TDBD; PLUR=YES; OP=OR			
L20	L19 and (best near price or offer near price)	28	L20
L19	L18 and databases	120	L19
L18	L17 and trad$	142	L18
L17	L16 and fixed near income	153	L17
L16	financial near instruments	1830	L16
L15	trad$ near fixed near income near financial near instruments	0	L15
L14	L13 and best near bid and offer near price	6	L14
L13	L12 and market near data near feed	51	L13
L12	(database or data with base)	458702	L12
DB=EPAB; PLUR=YES; OP=OR			
L11	EP-1312015-A2.did.	0	L11
L10	EP-1312015-A2.did.	0	L10
L9	WO-200207039-A2.did.	0	L9
DB=PGPB,USPT,USOC,EPAB,JPAB,DWPI,TDBD; PLUR=YES; OP=OR			
L8	L5 and market near data near feed	50	L8
L7	L6 and market near data near feed	1	L7

L6	L5 and inventory near (database or data with base)	525	L6
L5	L4 and (database or data with base)	71004	L5
L4	(best near bid or offer or price or price near improv$)	707903	L4
L3	L2 and (compute or computation)	6	L3
L2	L1 and deriv$ near price	27	L2
L1	financial near instrument near trad$	278	L1

END OF SEARCH HISTORY

Freeform Search

Database: US Pre-Grant Publication Full-Text Database; US Patents Full-Text Database; US OCR Full-Text Database; EPO Abstracts Database; JPO Abstracts Database; Derwent World Patents Index; IBM Technical Disclosure Bulletins

Term:

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Search History

DATE: Tuesday, March 30, 2004 Printable Copy Create Case

Set Name side by side	Query	Hit Count	Set Name result set
DB=PGPB,USPT,USOC,EPAB,JPAB,DWPI,TDBD; PLUR=YES; OP=OR			
L23	l21 and (database or data with base)	16	L23
L22	l21 and inventory	8	L22
L21	l17 and market near data near feed	17	L21
L20	L19 and market near data near feed	8	L20
L19	L18 and (database or data with base)	148	L19
L18	L17 and inventory	175	L18
L17	securities near trad$	1238	L17
L16	L15 and (database or data with base)	6	L16
L15	L14 and inventory	6	L15
L14	l1 and (financial near instruments near trad$ or trad$ near financial near instruments)	10	L14
L13	l1 and financial near instruments near trad$	10	L13
L12	L11 and inventory near (data with base or database)	4	L12
L11	trad$ near financial near instruments	201	L11
L10	L9 and (real-time near price or real near time near price)	11	L10

L9	L8 and offer$	437	L9
L8	inventory near (database or data with base)	957	L8
L7	5893079.uref.	23	L7
L6	4674044.uref.	179	L6
L5	5893079.pn.	2	L5
L4	4674044.pn.	2	L4
L3	zero-coupon near strips	2	L3
L2	L1 and zero-coupon near strips	2	L2
L1	treasury near securit$	77	L1

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☐ 1. Document ID: US 20040059668 A1

Using default format because multiple data bases are involved.

L3: Entry 1 of 6 File: PGPB Mar 25, 2004

PGPUB-DOCUMENT-NUMBER: 20040059668
PGPUB-FILING-TYPE: new
DOCUMENT-IDENTIFIER: US 20040059668 A1

TITLE: Credit management for electronic brokerage system

PUBLICATION-DATE: March 25, 2004

INVENTOR-INFORMATION:

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US-CL-CURRENT: 705/37

Full | Title | Citation | Front | Review | Classification | Date | Reference | Sequences | Attachments | Claims | KWIC | Draw D

☐ 2. Document ID: US 20030208430 A1

L3: Entry 2 of 6 File: PGPB Nov 6, 2003

PGPUB-DOCUMENT-NUMBER: 20030208430
PGPUB-FILING-TYPE: new
DOCUMENT-IDENTIFIER: US 20030208430 A1

TITLE: Method and system for pricing options

PUBLICATION-DATE: November 6, 2003

INVENTOR-INFORMATION:

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APPL-NO: 10/ 220159 [PALM]
DATE FILED: March 27, 2003

PCT-DATA:

DATE-FILED	APPL-NO	PUB-NO	PUB-DATE	371-DATE	102(E)-DATE
Apr 13, 2001	PCT/US01/12264				

INT-CL: [07] G06 F 17/60

US-CL-PUBLISHED: 705/36
US-CL-CURRENT: 705/36

REPRESENTATIVE-FIGURES: 1

ABSTRACT:

A method for providing a bid price and/or an offer price of an option relating to an underlying asset, the method including the steps of receiving first input data corresponding to a plurality of parameters defining the option, receiving second input data corresponding to a plurality of current market conditions relating to the underlying value, computing a corrected theoretical value of the option based on the first and second input data (110), computing a bid/offer spread of the option based on the first and input data (116), computing a bid price and/or an offer price of the option based on the corrected theoretical value and the bid/offer spread (118), and providing an output corresponding to the bid price and/or the offer price of the option.

☐ 3. Document ID: US 20030009421 A1

L3: Entry 3 of 6 File: PGPB Jan 9, 2003

PGPUB-DOCUMENT-NUMBER: 20030009421
PGPUB-FILING-TYPE: new
DOCUMENT-IDENTIFIER: US 20030009421 A1

TITLE: Online e-commerce transactions incorporating effects of uncertainty and risk factors

PUBLICATION-DATE: January 9, 2003

INVENTOR-INFORMATION:

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APPL-NO: 09/ 901227 [PALM]
DATE FILED: July 9, 2001

INT-CL: [07] G06 F 17/60

US-CL-PUBLISHED: 705/39
US-CL-CURRENT: 705/39

REPRESENTATIVE-FIGURES: 1

ABSTRACT:

The present invention relates to a method, system and computer program product for online negotiations and transactions for electronic commerce spanning international boundaries and includes means for incorporating the effects of the associated uncertainties and risks into decisions related to the assignment of items and the determination of their prices and further means for mitigation of some of these uncertainties and risks. These uncertainties and risk may include those originating from price changes, currency fluctuations, counterparty default, non-conformance to quality and quantity specifications and shipment and payment delays.

☐ 4. Document ID: US 6618707 B1

L3: Entry 4 of 6 File: USPT Sep 9, 2003

US-PAT-NO: 6618707
DOCUMENT-IDENTIFIER: US 6618707 B1
**** See image for Certificate of Correction ****

TITLE: Automated exchange for trading derivative securities

DATE-ISSUED: September 9, 2003

INVENTOR-INFORMATION:

NAME	CITY	STATE	ZIP CODE	COUNTRY
Gary; Katz	Plainview	NY		

ASSIGNEE-INFORMATION:

NAME	CITY	STATE	ZIP CODE	COUNTRY	TYPE CODE
International Securities Exchange, Inc.	New York	NY			02

APPL-NO: 09/ 433613 [PALM]
DATE FILED: November 2, 1999

PARENT-CASE:
RELATED APPLICATIONS The present invention is disclosed in a provisional application filed under 35 U.S.C..sctn.111(b), U.S. Application No. 60/106,935, filed Nov. 3, 1998. Priority is hereby claimed under 35 U.S.C..sctn.119(e) for that earlier filed provisional application.

INT-CL: [07] G06 F 17/60

US-CL-ISSUED: 705/37; 705/36

US-CL-CURRENT: 705/37; 705/36

FIELD-OF-SEARCH: 705/37, 705/36, 705/26

PRIOR-ART-DISCLOSED:

U.S. PATENT DOCUMENTS

PAT-NO	ISSUE-DATE	PATENTEE-NAME	US-CL
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3581072	May 1971	Nymeyer	235/152
4412287	October 1983	Braddock, III	364/408
4674044	June 1987	Kalmus et al.	364/408
4903201	February 1990	Wagner	364/408
4980826	December 1990	Wagner	364/408
5101353	March 1992	Lupien et al.	364/408
5136501	August 1992	Silverman et al.	364/408
5297032	March 1994	Trojan et al.	364/408
5305200	April 1994	Hartheimer et al.	364/408
5664115	September 1997	Fraser	705/37
5689652	November 1997	Lupien et al.	395/237
5715402	February 1998	Popolo	395/237
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5970479	October 1999	Shepherd	705/37
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6014643	January 2000	Minton	705/37
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6076068	June 2000	DeLapa et al.	705/14
6112189	August 2000	Rickard et al.	705/37

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FOREIGN-PAT-NO	PUBN-DATE	COUNTRY	US-CL
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Guardian, UK: Branch Closures Hit Poorer Customers, Dialog Article, p. 18 Feb. 11, 1997.

ART-UNIT: 3622

PRIMARY-EXAMINER: Stamber; Eric W.

ASSISTANT-EXAMINER: Young; John Leonard

ATTY-AGENT-FIRM: Lieb; Stephen J. Frommer, Lawrence & Haug LLP

ABSTRACT:

An automated exchange is provided for matching incoming orders for the purchase or sale of financial instruments, such as options contracts, with previously received orders. The exchange allocates the matching of orders first to fill customer orders and then to fill professional orders on a pro rata basis. A primary market maker is given preference over other market professionals. Market professionals that enter larger orders into the book receive a proportionally larger portion of the incoming order. The exchange automatically maintains a minimum size by deriving orders for professionals across a range of prices when orders at the market price are exhausted. The exchange automatically derives orders for professionals to join with market-improving orders when the market-improving orders are less than the minimum market size.

75 Claims, 23 Drawing figures

☐ 5. Document ID: US 6014627 A

L3: Entry 5 of 6 File: USPT Jan 11, 2000

US-PAT-NO: 6014627
DOCUMENT-IDENTIFIER: US 6014627 A

TITLE: Credit management for electronic brokerage system

DATE-ISSUED: January 11, 2000

INVENTOR-INFORMATION:

NAME	CITY	STATE	ZIP CODE	COUNTRY

Togher; Michael	New York	NY
Dunne; Michael F.	Boonton	NJ
Hartheimer; Richard	Morris Plains	NJ

ASSIGNEE-INFORMATION:

NAME	CITY	STATE	ZIP CODE	COUNTRY	TYPE CODE
EBS Dealing Resources, Inc.	New York	NY			02

APPL-NO: 08/ 665594 [PALM]
DATE FILED: June 18, 1996

PARENT-CASE:
CROSS REFERENCE TO RELATED APPLICATIONS This is a continuation of application Ser. No. 08/324,843 filed Oct. 18, 1994, now abandoned, which was a continuation of Ser. No. 07/830,408 filed Feb. 3, 1992 which has issued as U.S. Pat. No. 5,375,055.

INT-CL: [06] G06 F 19/00

US-CL-ISSUED: 705/1; 395/237, 395/238
US-CL-CURRENT: 705/1; 705/37, 705/38

FIELD-OF-SEARCH: 395/237, 395/244, 395/238, 340/825.26, 340/825.27

PRIOR-ART-DISCLOSED:

U.S. PATENT DOCUMENTS

PAT-NO	ISSUE-DATE	PATENTEE-NAME	US-CL
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5038284	August 1991	Kramer	
5077665	December 1991	Silverman et al.	
5136501	August 1992	Silverman et al.	
5375055	December 1994	Togher et al.	364/408

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FOREIGN-PAT-NO	PUBN-DATE	COUNTRY	US-CL
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ART-UNIT: 274

PRIMARY-EXAMINER: McElheny, Jr.; Donald E.

ATTY-AGENT-FIRM: Fulbright & Jaworski LLP

ABSTRACT:

An anonymous trading system (FIG. 1) identifies the best bids and offers (QuoteSubmit, FIG. 3) from those counterparties (WS Alal) with which each party (WS A1b1, WS A1b2, . . . WSA2a2) is currently eligible to deal, while maintaining the anonymity of the potential counterparty and the confidentiality of any specific credit limitations imposed by the anonymous potential counterparty. To that end, each bid or offer (QuoteSubmit, FIG. 3) for a particular type of financial

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L20: Entry 27 of 28 File: USPT Oct 16, 2001

US-PAT-NO: 6304858
DOCUMENT-IDENTIFIER: US 6304858 B1

TITLE: Method, system, and computer program product for trading interest rate swaps

DATE-ISSUED: October 16, 2001

INVENTOR-INFORMATION:

NAME	CITY	STATE	ZIP CODE	COUNTRY
Mosler; Warren B.	Hobe Sound	FL		
McCauley; William P.	Delray Beach	FL		
Sherman; James M.	Delray Beach	FL		

ASSIGNEE-INFORMATION:

NAME	CITY	STATE	ZIP CODE	COUNTRY	TYPE CODE
Adams, Viner and Mosler, Ltd.	West Palm Beach	FL			02

APPL-NO: 09/ 209746 [PALM]
DATE FILED: December 11, 1998

PARENT-CASE:
CROSS-REFERENCE TO RELATED APPLICATIONS This application claims priority from U.S. Provisional Application Ser. No. 60/074,588, filed Feb. 13, 1998, U.S. Provisional Application Ser. No. 60/101,419, filed Sep. 22, 1998, and U.S. Provisional Application Ser. No. 60/104,400, filed Oct. 15, 1998, each of which is incorporated herein by reference.

INT-CL: [07] G06 F 17/60

US-CL-ISSUED: 705/37; 705/35
US-CL-CURRENT: 705/37; 705/35

FIELD-OF-SEARCH: 705/35, 705/37

PRIOR-ART-DISCLOSED:

U.S. PATENT DOCUMENTS

Search Selected Search ALL Clear

	PAT-NO	ISSUE-DATE	PATENTEE-NAME	US-CL
☐	4642768	February 1987	Roberts	
☐	4823265	April 1989	Nelson	705/35

☐	5802499	September 1998	Sampson et al.	
☐	5924082	July 1999	Silverman et al.	
☐	5963923	October 1999	Garber	705/37

FOREIGN PATENT DOCUMENTS

FOREIGN-PAT-NO	PUBN-DATE	COUNTRY	US-CL
2-43667	February 1990	JP	

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Principles of Corporate Finance, pp. 707-729 and pp. G1-G13, "Hedging Financial Risk," Oct. 14, 1997.

ART-UNIT: 215

PRIMARY-EXAMINER: Miller; J.

ASSISTANT-EXAMINER: Rosen; Nicholas David

ATTY-AGENT-FIRM: Oblon, Spivak, McClelland, Maier & Neustadt, P.C.

ABSTRACT:

A method, system, computer program product, and data structure for trading in which a standardized contract is traded. The contract obligates a buyer and a seller to settle the contract based on a price of the contract at a first effective date. The contract is traded through an exchange that guarantees payment to the buyer of any amount owed to the buyer from the seller as a result of the contract and that guarantees payment to the seller of any amount owed to the seller from the buyer as a result of the contract. The price of the contract is determined based on preselected notional cash flows discounted by an interest rate swap curve obtained from a preselected swap rate source.

39 Claims, 18 Drawing figures

Refine Search

Search Results -

Terms	Documents
interdealer near broker	3

Database:
US Pre-Grant Publication Full-Text Database
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L1	interdealer near broker	3	L1

END OF SEARCH HISTORY

Online Legal Glossary

Legal terms defined in plain English.

zero coupon bond

A bond that makes no interest payments ("coupons"). Instead, the bond is purchased at a discount, and can be redeemed at its face value on its date of maturity.

L1: Entry 2 of 3 File: USPT Feb 10, 2004

DOCUMENT-IDENTIFIER: US 6691094 B1
TITLE: Bank loan trading system and method

Brief Summary Text (17):
The loan trading market is considered an over-the-counter market. This means that there is no exchange through which bids and offers are quoted and matched bids and offers are processed. For purposes of this discussion, trading is broken down into two types: trades through interdealer brokers and all other trades.

Brief Summary Text (18):
Interdealer brokers match trades between dealers only. The interdealer brokers will market bids and offers, also known as offerings, to the dealers without disclosing the name of the potential buyers and sellers until a bid and offer is matched. The interdealer brokers will market the offerings to dealers either through telephone contact or through the posting of offerings on terminals connected via a direct telephone line to the interdealer broker's computer system. The interdealer broker systems do not use the Internet for transmission.

Brief Summary Text (19):
These interdealer broker systems provide limited information that includes only the name of the borrower, the tranche offered or bid, the amount of the bids and offers and the price at which the bids and offers are quoted. To complete a trade, a dealer must contact the interdealer broker by telephone. Trades cannot be completed on the system itself.

Back

NASD®
Parent of The Nasdaq Stock Market

Press Release

National Association of Securities Dealers, Inc.
1735 K Street, NW
Washington, DC 20006-1500

For Release: Wednesday, September 9, 1998
Contact: Reid Walker - (202) 728-8243
Scott Peterson - (202) 728-8955

NASD Statement on the Importance of Transparency in America's Debt Market

Washington, DC—Frank G. Zarb, Chairman and Chief Executive Officer of the National Association of Securities Dealers, Inc. (NASD®), today released the following statement in response to remarks made this morning by Securities and Exchange Commission (SEC) Chairman Arthur Levitt on the importance of transparency in America's debt market.

"The NASD supports Chairman Levitt's call to enhance the price transparency, surveillance oversight, and comparison efficiency of the U.S. corporate bond market. We will work closely with the SEC and the participants in that market to evaluate the most effective system and regulatory response to Chairman Levitt's proposals that operate to the benefit of investors and all market participants," said Zarb.

The NASD is the largest securities-industry self-regulatory organization in the United States. Through its subsidiaries, NASD Regulation, Inc., and The Nasdaq Stock Market, Inc., the NASD develops rules and regulations; provides a dispute resolution forum; conducts regulatory reviews of members' activities; and designs, operates, and regulates securities markets all for the benefit and protection of investors.

View SEC release "Chairman Levitt Announces Measures To Improve Transparency Of Corporate Debt Market".

Back

instrument is prescreened by the system for compatibility with limited credit information (for example, a one bit flag indicating whether a predetermined limit has already been exceeded) and an anonymous "Dealable" price (24,26) is calculated for each of the traders (WS A1b, . . . WS A2a) dealing with that particular financial instrument.

29 Claims, 7 Drawing figures

☐ 6. Document ID: US 5375055 A

L3: Entry 6 of 6 File: USPT Dec 20, 1994

US-PAT-NO: 5375055
DOCUMENT-IDENTIFIER: US 5375055 A
**** See image for Certificate of Correction ****

TITLE: Credit management for electronic brokerage system

DATE-ISSUED: December 20, 1994

INVENTOR-INFORMATION:

NAME	CITY	STATE	ZIP CODE	COUNTRY
Togher; Michael	New York City	NY		
Dunne; Michael F.	Boonton	NJ		
Hartheimer; Richard	Morris Plains	NJ		

ASSIGNEE-INFORMATION:

NAME	CITY	STATE	ZIP CODE	COUNTRY	TYPE CODE
Foreign Exchange Transaction Services, Inc.	Long Island City	NY			02

APPL-NO: 07/ 830408 [PALM]
DATE FILED: February 3, 1992

INT-CL: [05] G06F 15/21

US-CL-ISSUED: 364/408; 340/825.26, 340/825.27
US-CL-CURRENT: 705/37; 340/825.26, 340/825.27, 705/38

FIELD-OF-SEARCH: 364/408, 340/825.26, 340/825.27

PRIOR-ART-DISCLOSED:

U.S. PATENT DOCUMENTS

PAT-NO	ISSUE-DATE	PATENTEE-NAME	US-CL
4942616	July 1990	Linstroth et al.	381/51
4980826	December 1990	Wagner	364/408

FOREIGN PATENT DOCUMENTS

FOREIGN-PAT-NO	PUBN-DATE	COUNTRY	US-CL
512702	November 1992	EP	

OTHER PUBLICATIONS

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"Quotron Introduces New Foreign Exchanges Dealing System" Electronic Banking & Finance; Jul. 1990, NL pp. 3-4.

ART-UNIT: 231

PRIMARY-EXAMINER: Envall, Jr.; Roy N.

ASSISTANT-EXAMINER: Bai; Ari M.

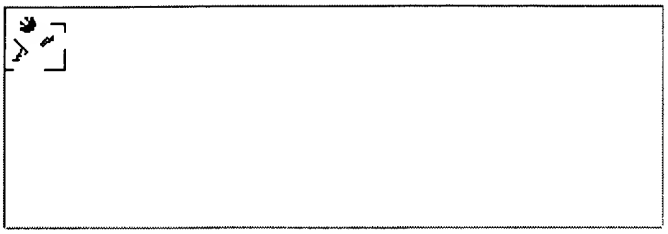
ATTY-AGENT-FIRM: Robbins, Berliner & Carson

ABSTRACT:

An anonymous trading system identifies the best bids and offers from those counterparties with which each party is currently eligible to deal, while maintaining the anonymity of the potential counterparty and the confidentiality of any specific credit limitations imposed by the anonymous potential counterparty. To that end, each bid or offer for a particular type of financial instrument is prescreened by the system for compatibility with limited credit information (for example, a one bit flag indicating whether a predetermined limit has already been exceeded) and an anonymous "Dealable" price is calculated for each of the traders dealing with that particular financial instrument.

17 Claims, 7 Drawing figures

Terms	Documents
L2 and (compute or computation)	6



Recent Securities Cases

July, 1998

Litigation Release No. 15827 / July 30, 1998

SECURITIES AND EXCHANGE COMMISSION v. RAFI M. KHAN AND TIMOTHY J. TYRRELL, Civil Action No. CV-98-6143 MMM (SHx) (C.D. Cal.)

See complete summary

The Securities and Exchange Commission filed a complaint today in federal district court in Los Angeles against Rafi M. Khan charging him with fraud for engaging in stock manipulation. Khan, age 47, is a Los Angeles-area stockbroker who the Commission alleges manipulated the stocks of two companies, Future Communications, Inc. ("FCMI"), a now defunct cable television programming company based in Dallas, Texas, and The L. L. Knickerbocker Co., Inc. ("KNIC"), a celebrity-endorsed marketing company based in Lake Forest, California. From June 30 to August 30, 1993, FCMI's stock price rose from $6.50 to $27.25. Shortly thereafter, FCMI's price collapsed and the company declared bankruptcy. From July 3 to August 11, 1995, KNIC's stock price rose from $6 to $52 per share. Shortly thereafter, the price dropped 46%.

The Complaint alleges that Khan orchestrated these price runs using a variety of manipulative practices, including acquiring substantial control of the market for each stock; restricting the available supply of each stock; making purchases to stabilize or raise the price of each stock; executing unauthorized trades; parking stock in fictitious and nominee accounts and discouraging sales in order to maintain control of the market; creating demand by making misleading statements and touting wildly exaggerated earnings projections; promoting a "short squeeze" scheme, i.e., using market control to withhold stock from short sellers and concurrently raise stock prices to force short sellers to cover their positions at increasing prices; and engaging in trading collusion. The Complaint alleges that Khan and a relative had a significant financial stake in both manipulations. Khan's improper trading profit from the two manipulations was $552,500. The Complaint alleges he would have realized significant additional gains had he and his relative sold their available stock at the artificially inflated prices.

The Complaint also alleges that Los Angeles-area stockbroker Timothy J. Tyrrell, age 37, committed fraud by participating in the FCMI manipulation. Tyrrell was a market maker for FCMI stock at Reynolds Kendrick Stratton, Inc., the now defunct brokerage firm where he and Khan worked, and acted as Khan's trader during the FCMI stock manipulation. The Complaint alleges that Tyrrell engaged in a variety of manipulative practices to create artificially high prices for FCMI stock, including refusing to execute sell orders (as a means to maintain control of the market for FCMI stock); purchasing FCMI stock and raising FCMI's bid price merely for the purpose of creating artificially high stock prices; promoting and furthering a short squeeze scheme; and orchestrating a collusive trading arrangement with another market maker, Paul I. Comi, who worked at the now defunct AmeriNational Securities brokerage firm. Comi previously consented, without admitting or denying the Commission's findings, to the entry of a cease-and-desist order, a $5,000 civil penalty, and a six-month suspension from associating with a broker-dealer. In the Matter of Paul I. Comi, Exchange Act Release No. 39968 (May 6, 1998). The Complaint alleges that Tyrrell had a significant financial stake in the FCMI manipulation. Tyrrell's improper trading profit was $224,850. The Complaint alleges he would have realized significant additional gains had he sold his available stock at the artificially inflated prices.

Litigation Release No. 15825 / July 30, 1998

Securities and Exchange Commission v. Frank A. M. Luca, Rudy Crosswell and Paula G. Den Boer, Civil Action No. 97-1813 (PHX) (EHC) (D. AZ).

See complete summary

The Commission announced that on July 17, 1998, Judge Earl H. Carroll of the District Court for the District of Arizona entered Final Injunctions of Permanent Injunction based upon consent against Rudy Crosswell ("Crosswell") and Paula G. Den Boer ("Den Boer"). The Commission's Complaint filed on August 27, 1997 had charged Crosswell and Den Boer with sale of unregistered securities in violation of Sections 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act") and failure to register as a broker in violation with Section 15(a)(1) of the Securities Exchange Act of 1934 ("Exchange Act"). The case remains pending against Defendant Frank A. M. Luca.

The Commission also announced that on July 27, 1998, it issued an Order Instituting Public Administrative Proceeding Pursuant to Sections 15(b) and 19(h) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions against Crosswell and Den Boer based on the entry of an injunction against them. The Complaint alleged that Crosswell and Den Boer engaged in the sale of unregistered securities and sold securities as unregistered brokers or dealers. The Commission accepted Crosswell's and Den Boer's Offer of Settlement in which they both consented, (without admitting or denying the Commission's findings, to the entry of an order suspending both of them from association with any broker or dealer, for a period of twelve months. In the Matter of Rudy Crosswell and Paula G. Den Boer Administrative Proceeding File No. 3-9656.

LITIGATION RELEASE NO. 15817 / July 20, 1998

SECURITIES AND EXCHANGE COMMISSION v. Solv-Ex Corporation, et al., Civil Action No. Civ. 98-860-LH (USDC D. New Mexico)

See complete summary

The complaint, filed in federal district court in Albuquerque, New Mexico, alleges that from January 1995 though April 1997, Solv-Ex, Rendall and Campbell represented that the company's plant in Alberta, Canada had developed operational technology which produced salable bitumen from oil sands on a commercial scale, that this bitumen extraction process also yielded industrial minerals of marketable quality and volume, and that Solv-Ex had successfully tested a revolutionary electrolytic cell capable of producing metallic aluminum. Contrary to these statements, according to the complaint, Solv-Ex's bitumen extraction process has at all times been in the research and development stage, and the company's attempts to recover industrial minerals from that process, pursued only on an experimental basis to date, have failed to yield any commercially viable product. Further, the Commission's complaint alleges that Solv-Ex's single test of the electrolytic cell, in 1996, was a failure. According to the Commission's complaint, while these false and misleading statements were being disseminated by Solv- Ex, Rendall and Campbell, the price of the company's stock, which traded on the Nasdaq Small Cap Market, rose from approximately $5 per share to $38 per share.

LITIGATION RELEASE NO. 15813/July 16, 1998

SECURITIES AND EXCHANGE COMMISSION v. MICHAEL D. RICHMOND, individually, MICHAEL D. RICHMOND d/b/a LIBERTY NETWORK, ROYAL MERIDIAN INTERNATIONAL BANK, MERIDIAN MONETARY SERVICES, INC., WILLIAM DUKE, MERIDIAN MANAGEMENT SERVICES, LLC., K. BRUCE NUCKOLS, ANTHONY GARRY, THOMAS CONNOLLY, AND AS RELIEF DEFENDANTS, ZONE PRODUCTIONS, INC., TERRY KOONTZ AND MARIANNE CLARK AND LINDA MITCHELL as Trustees for PURR TRUST (United States District Court for the District of Massachusetts, C.A. No. 98CV11378-NG)

See complete summary

The Commission requested this relief in a complaint, filed on July 15, 1998 in the United States District Court for the District of Massachusetts, which alleged that the defendants are engaging in an on-going Ponzi scheme, offering unregistered securities, in the form of "International Certificates of Deposits" ("CDs"). According to the Commission's allegation, since at least October 1997, Richmond has orchestrated the Ponzi scheme, in which he used internet websites and a network of Liberty sales agents to convince unsophisticated investors, including many elderly persons and widows, to liquidate annuities and other investments in order to purchase fraudulent securities issued by RMIB.According to the Commission's allegation, since at least October 1997, Richmond has orchestrated the Ponzi scheme, in which he used internet websites and a network of Liberty sales agents to convince unsophisticated investors, including many elderly persons and widows, to liquidate annuities and other investments in order to purchase fraudulent securities issued by RMIB.

Further, the Commission alleged that, using false information and promotional brochures provided by Richmond, sales agents including defendants Nuckols, Garry and Connolly falsely informed investors that the RMIB CDs would provide a guaranteed rate of return of 12%, 18%, or in some cases 24%, that RMIB holds 125% in cash reserves for each investment, that all investments would be secured by Government National Mortgage Association ("GNMA") bonds, and that certain large investors will receive a security interest in their investment evidenced by a UCC-1 issued by the "The Federal Bank." The brochures and websites authored by Richmond, also misrepresented that RMIB was a "fully-chartered" private, offshore bank, with offices in Canada, the Bahamas, Guernsey and Turks & Caicos.

The Commission alleges that RMIB is a shell with no offices and no apparent significant sources of revenue from which it can pay the guaranteed return except through the sale of additional fraudulent securities to unwitting investors.

Investors are advised to read the SEC's Cyberspace Alert before purchasing any investment promoted on the internet. The free publication which alerts investors to the telltale signs of online investment fraud is available on the Investors Assistance and Compliance link of the SEC's home page on the World Wide Web <www.sec.gov>. It can also be obtained by calling 1-800-SEC-0330.

Litigation Release No. 15812 / July 16, 1998

SECURITIES AND EXCHANGE COMMISSION v. JOHN W. GILLETTE, JR., Civil Action No. 98- CV 1265S CGA (S.D. Cal.).

See complete summary

The Commission's complaint alleged that, from June 1994 through July 1997, Gillette, a resident of San Diego, California, acted as an unregistered investment adviser to over 85 clients, most of whom were professional athletes. The Commission further alleged that Gillette made materially false and misleading statements when recommending investments to these clients, and misappropriated client monies, resulting in client losses of over $11 million. Among other things, the Commission alleged that Gillette misappropriated his client's investment profits, paid certain clients with other clients' monies, and represented he had invested client funds in partnerships and municipal bonds when in fact he had misappropriated those funds. In addition, the Commission alleges that from late 1993 through June 1994, Gillette, who was a registered representative at the time, liquidated the securities of a brokerage firm client without her knowledge, and misappropriated over $400,000 from her account for his personal benefit. The Commission alleged that Gillette spent the misappropriated funds on, among other things, his family's personal expenses, his company's overhead expenses, and to invest in undisclosed business ventures. Finally, the Commission alleged that, by giving investment advice to his clients in exchange for a fee, Gillette was acting as an unregistered investment adviser.

Litigation Release No. 15811 / July 15, 1998

Securities and Exchange Commission v. Carlos Roman, Karla Dorsch and William E. Dorsch, 94 Civ.3621 (SAS) (S.D.N.Y)

See complete summary

The complaint in this insider trading case was filed on May 17, 1994. It alleged illegal trading from June 1989 through March 1990 by Carlos Roman, his then wife, Karla Dorsch, and Karla Dorsch's father, William Dorsch, and by Roman's stockbroker, Andrew Cohen. The complaint alleged that Roman and Karla Dorsch were tipped by Lee A. Haddad, an analyst employed by Morgan Stanley, and Co., Inc., to planned corporate acquisitions involving Time, Inc., Squibb Corporation, Combustion Engineering, Inc., Lin Broadcasting, Inc. and American General Corporation.

The complaint alleged that Karla Dorsch and Roman made unlawful trading profits of $714,118.75; that

they tipped William Dorsch who made $1,083,250 in unlawful profits and that Roman tipped Andrew Cohen who made $300,233.81 in unlawful profits. Haddad and Cohen previously settled the Commission's complaint against them without admitting or denying the allegations. [See Litigation Release No. 13473, SEC v. Haddad et al., December 17, 1992]

Litigation Release No. 15807 / July 13, 1998

Securities and Exchange Commission v. Derryl W. Peden, Civil Action No. 398-CV-483 WS (S.D. Miss)

See complete summary

The Securities and Exchange Commission announced today that it filed a civil action against Derryl W. Peden ("Peden"), an attorney in Jackson, Mississippi. The Commission's complaint charges that between 1987 and April 1996, Peden violated Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5, by, among other things, causing 39 Mississippi counties, cities and towns (collectively "the municipalities") to issue and sell urban renewal revenue notes based on an opinion from Peden, as bond counsel, that interest on the notes was exempt from the federal income tax. The complaint alleges that Peden knew or was reckless in not knowing that a substantial risk existed that interest on the notes was not tax exempt. That risk was not disclosed to investors.

Between 1987 and April 1996, the municipalities individually issued, offered and sold 74 separate urban renewal revenue note issues in amounts ranging from $2 million to $5 million, totaling approximately $287,300,000. The notes were sold based upon unqualified opinions from Peden which concluded that interest on the notes would be exempt from federal income tax. The notes were issued in reliance on the temporary period exception to the anti- arbitrage provisions of the Internal Revenue Code, which permits municipalities to issue securities and invest the proceeds at a higher rate, provided the funds, among other things, are reasonably expected to be used for qualifying municipal projects within a three year period.

After issuance, the bulk of the offering proceeds from each offering was used to purchase an investment paying a higher yield than the notes. The remaining proceeds were used to pay the premium or fee paid to the issuer, the fees and expenses of bond counsel, the underwriter, the trustee, and other costs of issuance.

The respective official statements and arbitrage certificates for each offering, among other documents, without exception, represented that the issuers intended to spend the full amount of the offering proceeds within three years on various capital projects, such as roads, parks, a courthouse, and other projects. All of the documents were prepared by Peden. Peden knew, or was reckless in not knowing, that these statements were not true. None of the municipalities had the resources, intent or expectation to utilize any proceeds from the offerings, other than the premium or fee, for capital projects. Subsequent to the offerings, none of the municipalities utilized any of the offering proceeds, other than the premium or fee, for any capital project. The lack of a reasonable expectation to utilize more than a small portion of the proceeds for capital projects made the temporary period exception inapplicable, creating a substantial risk that the IRS would declare interest on the notes subject to the federal income tax.

Litigation Release No. 15805 / July10, 1998

SECURITIES AND EXCHANGE COMMISSION v. ASSOCIATION OF INDIVIDUAL MINISTRIES, CHARLES R. GROESCHEL and SAGE COMPUTER SERVICES, 98 Civ. 4840 (RPP) (S.D.N.Y.)

See complete summary

The Commission announced that on July 9 it filed an emergency action in federal court to halt a religious pyramid scheme, the Association for Individual Ministries, or AIM, based in Palm Desert, California. The Commission charged AIM and Charles Groeschel (known as Pastor Chuck) with defrauding investors by promising huge returns in exchange for their "donations." Groeschel, a former Baptist pastor, aged 66, was previously convicted for a fraudulent pyramid scheme involving Silver Eagle coins. State of New Mexico v. Charles Groeschel a/k/a Charles Groschel, CR 91-2288 (2d Jud. Dist. Ct. NM). Using Biblical language, Groeschel tells investors that the more they give, the more they will receive. Meanwhile, the Commission alleges, AIM is transferring funds to a corporation controlled by Groeschel, Sage Computer Services, which is also named as a defendant. The Commission also charged that AIM had transferred over $200,000 to an off-shore bank account immediately after Groeschel learned that the Commission was investigating AIM. Since mid-1996, the Commission alleges, AIM has taken in at least $1.5 million, from over 2,000 investors, many of whom live in the New York area. The Commission sought a freeze of assets and other emergency relief.

Litigation Release No. 15803 /July 9, 1998

Accounting and Auditing Enforcement Release No. 1053 / July 9, 1998

SECURITIES AND EXCHANGE COMMISSION v. PAUL C. JAIN, STEVEN J. ALLAN, ROBERT S. WILLIAMS and WAYNE NAKAMURA, United States District Court for the Northern District of California, Civil Action No. 98-2684 TEH;

See complete summary

The Securities and Exchange Commission today sued the former top officers of Media Vision Technology, Inc. of Fremont, California for the fraudulent reporting of Media Visions's 1993 financial results and for insider trading.

The SEC complaint also alleges that Jain and Allan orchestrated, and Williams and Nakamura participated in, key aspects of the financial reporting fraud. During the third and fourth fiscal quarters of 1993, Jain and Allan directed subordinates to falsify documents in order to artificially inflate revenue and understate expenses in an extensive scheme to defraud investors. After the end of the fiscal year, all four helped hide the fraud from Media Vision's outside auditors by lying to the auditors and creating false accounting entries on company documents.

The SEC complaint also charges that Jain, Allan and Nakamura sold Media Vision stock while in the possession of material nonpublic (or "inside") information. The complaint alleges that through these trades, Jain obtained gross proceeds of $1.49 million; Allan obtained gross proceeds of $825,000; and

Nakamura obtained gross proceeds of $21,250.

The SEC complaint alleges that Media Vision's false and misleading financial statements led the market to overvalue Media Vision's stock, which reached a high of 46 1/2 (and a market capitalization of $630 million) in January 1994. During the spring of 1994, the media reported declines in the Company's business, increasing competition in the multimedia market, and ultimately, allegations of fraud. On May 10, 1994, the stock reached an interim low of 2 5/8.

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Parent of The Nasdaq-Amex Market Group

Press Release

National Association of Securities Dealers, Inc.
1735 K Street, NW
Washington, DC 20006-1500

For Release: Tuesday, December 8, 1998
Contact: Scott Peterson - (202) 728-8955

NASD Announces Members of New Bond Market Transparency Committee

Washington, D.C.—The National Association of Securities Dealers, Inc. (NASD®), today announced that 15 individuals have agreed to serve on a new Bond Market Transparency Committee. The committee will be charged with charting the overall direction of regulatory and system response to enhance the price transparency and surveillance oversight of the U.S. corporate debt market for the benefit of investors and all market participants.

The NASD has embarked upon the development of a system to make information about corporate bond transactions available to investors at the request of Securities and Exchange Commission (SEC) Chairman Arthur Levitt.

"The United States has the strongest and best-regulated fixed-income markets in the world, but the transparency and oversight of the corporate bond market can be improved. Working closely with the SEC, we at the NASD and the industry leaders who have agreed to serve on this new committee will work hard to identify the most effective steps to enhance bond market transparency without adversely impacting market liquidity," said Frank G. Zarb, Chairman and CEO of the NASD.

The Bond Market Transparency Committee members are:

- Stan Becchetti, Vice President and Manager, A.G. Edwards & Sons, Inc.
- Jane Carlin, Managing Director, Morgan Stanley Dean Witter & Co.
- Ian Domowitz, Ph.D., Pennsylvania State University, Smeal College of Business Administration
- James Jacoby, Partner, Asiel & Co., LLC
- William James, Vice President, Lazard Freres & Co., LLC
- John Ladensack, Senior Vice President, General Manager, Fixed Income, Charles Schwab & Co., Inc.
- Ian MacKinnon, Managing Director, The Vanguard Group
- John Markese, President, American Association of Individual Investors
- Kelly Martin, Managing Director, Merrill Lynch, Pierce, Fenner & Smith, Inc.
- Michael Mortara, General Partner, Goldman, Sachs & Co.
- Michael Shay, Partner, J.C. Bradford & Co.
- Joseph Shea, Senior Managing Director, Cantor Fitzgerald Securities
- Zachary Snow, Managing Director, General Counsel, Salomon Smith Barney, Inc.
- Jeffrey Theodorou, Senior Vice President, Prudential Securities Incorporated
- Edward Wiese, Vice President, T. Rowe Price Investment Services, Inc.

The National Association of Securities Dealers, Inc. (NASD®), is the largest securities-industry, self-regulatory organization in the United States and parent organization of NASD Regulation, Inc., and The Nasdaq-Amex Market Group℠. Through its regulatory

subsidiary, the NASD develops rules and regulations, provides a dispute resolution forum, and conducts regulatory reviews of member activities for the protection and benefit of investors. The NASD oversees the nation's 5,600 brokerage firms and more than half a million registered brokers.

For more information about the NASD and its subsidiaries, please visit the following Web sites: http://www.nasd.com; http://www.nasdaq.com; http://www.nasdr.com; or the Nasdaq-Amex Newsroom[SM] at http://www.nasdaqnews.com.

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